



COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
P.O. BOX 3265, HARRISBURG, PA 17105-3265

August 30, 1994

IN REPLY PLEASE  
REFER TO OUR FILE

William F. Caton  
Acting Secretary  
Federal Communications Commission  
Room 222  
1919 M Street, N.W.  
Washington, D.C. 20554

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Re: In the Matter of Billed Party  
Preference for 0 + InterLATA Calls  
CC Docket No. 92-77

Dear Secretary Caton:

Enclosed please find an original and seven (7) copies of the Reply Comments of the Pennsylvania Public Utility Commission in the above-captioned matter.

Sincerely,

  
Maureen A. Scott  
Assistant Counsel

MAS/ms  
Enclosure

cc: Per Certificate of Service

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Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

In the Matter of )  
Billed Party Preference )  
for 0 + InterLATA Calls )

CC Docket No. 92-77

REPLY COMMENTS OF THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

**I. Introduction and Executive Summary of PaPUC'S Position.**

The Pennsylvania Public Utility Commission ("PaPUC") submits the following reply comments in response to the initial comments of other parties to the Federal Communications Commission's ("FCC" or "Commission") Further Notice of Proposed Rulemaking ("FNPRM") released on June 6, 1994.<sup>1</sup>

There was an overwhelming response to the Commission's FNPRM in this proceeding. While the PaPUC was not able to review the substantial volume of initial comments submitted in this proceeding, it reviewed the comments of a wide cross-section of industry participants. There continues to be a wide divergence of opinion regarding the need for BPP. The larger local exchange carriers ("LECs") appear to be split in their assessment of BPP, while the smaller and mid-sized LECs, for the most part, oppose BPP

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<sup>1</sup>The PaPUC is the state agency responsible for regulating all public utilities, including telecommunications providers, within the Commonwealth of Pennsylvania. As such, it has a significant interest in the regulation of telecommunications services at both the federal and state levels.

implementation.<sup>2</sup> There appears to be a similar divergence of opinion among interexchange carriers ("IXCs") with the larger carriers split in their assessment of BPP, while the smaller carriers once again appear to oppose BPP implementation. Finally, there is also divergence among other industry groups as to whether the benefits of BPP outweigh its costs.

The PaPUC continues to support Billed Party Preference ("BPP") in concept. The PaPUC agrees that numerous, important benefits would be derived from the implementation of BPP. And, like many parties, the PaPUC does not support maintenance of the status quo. However, after reviewing the updated record in this proceeding, the PaPUC believes that the Commission should at this time more fully explore alternatives to BPP which would accomplish some of the more important objectives of BPP but at a fraction of the cost.

Only if the FCC finds the recommended alternatives to BPP unsuitable or infeasible, and the FCC is able to demonstrate that the benefits of BPP clearly outweigh the costs and other concerns associated with BPP, would the PaPUC support

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<sup>2</sup>Bell Atlantic, NYNEX, BellSouth, Rochester, the Organization for the Protection and Advancement of Small Telephone Companies ("OPASTCO") and the National Telephone Cooperative Association ("NTCA") oppose BPP. Ameritech, PacTel, Southwestern Bell, and GTE, on the other hand, support BPP.

<sup>3</sup>AT&T, LDDS and U.S. Long Distance ("USLD") oppose BPP, while MCI and Sprint support BPP.

implementation of BPP at this time.<sup>4</sup>

However, the PaPUC believes that the initial comments provide an array of alternatives that will provide many of benefits of BPP but at a substantially reduced cost. Consequently, the PaPUC would encourage the FCC to choose from among the various alternatives to achieve a combination that produces as many of the benefits of BPP as possible, until BPP becomes a more cost effective service option and competitive concerns relating to the provision of BPP are resolved.

If the FCC decides to mandate BPP for interstate interLATA calls, the PaPUC would support treating the LEC costs of interstate BPP in a manner similar to equal access charges, and recovered through interstate charges to OSPs. Alternatively, the PaPUC supports recovery of BPP through a surcharge on all operator service charges.

Like the FCC, the PaPUC believes that OSPs should have the same ability as LECs to offer line number calling cards. To

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<sup>4</sup>While the PaPUC essentially concurs with the FCC's own procedural agenda, any attempt to find an alternative to BPP that achieves the exact, same mix of benefits as BPP would be misplaced. For instance, on page 2 of the FNPRM, the FCC states: "We will mandate BPP only if we conclude that, as indicated by the current record, its benefits outweigh its costs and that these benefits cannot be achieved through alternative, less costly measures." (Emphasis added). The PaPUC would point out that no alternative, or combination thereof, will produce the exact same mix of benefits as BPP. Rejecting more cost effective alternative(s) that do not achieve the exact same mix of benefits as BPP, but that achieve some of the more important consumer protections, would be a mistake. In the interim, it may be in the public interest to adopt an alternative(s) that achieves some of the more important benefits of BPP, albeit not all of the benefits, until BPP becomes a more cost effective service option.

the extent that this is not technologically or administratively feasible with ten-digit screening, a system which incorporates 14-digit LIDB screening may be necessary. However, to the extent 10-digit screening is technologically and administratively feasible and adequate assurances can be given to the IXCs that LECs would not have an exclusive right to issue cards and the LEC-issued cards would be not given any presumptive validity over existing IXC issued cards, then 10-digit screening may be in the public interest at this time given the increased risks of fraud which appear to be inherent with 14-digit screening at the present time.<sup>5</sup>

The FCC should not mandate BPP for payphones at prison facilities until it takes steps to ensure that: 1) current payphone safeguards and protective measures are not adversely affected under a BPP regime, 2) the costs incurred by prison facilities are included in the overall BPP implementation costs so that the facilities themselves are not required to shoulder the cost resulting from any change in FCC rules, and, 3) disruptions to current commission revenue streams to prison facilities are minimized.

Finally, the Commission should reject the comments of those parties urging that the FCC preempt legitimate state-decisionmaking in this area. The PaPUC believes that the FCC's initial analysis that states retain the authority to determine

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<sup>5</sup>See, Comments of Bell Atlantic, p. 21; Comments of Pacific Bell and Nevada Bell, pp. 4-5.

whether BPP is appropriate for intrastate interLATA<sup>6</sup> and intraLATA calls within their respective jurisdictions and the time frame for implementation is sound. The PaPUC agrees that if BPP is mandated at the federal level, many states will seriously consider implementation at the local level. Until a majority authorize implementation, however, the PaPUC submits that the separations issue should be referred to a Federal-State Joint Board for analysis.

**II. The Commission Should Mandate BPP At This Time Only If No Other Alternatives Are Feasible and The FCC Can Demonstrate that the Benefits of the System Clearly Outweigh the Costs.**

In determining whether to adopt BPP or an alternative(s) to BPP at this time, the FCC should consider, inter alia, the following factors: 1) the updated cost/benefit information contained in the most recent round of filings by interested parties, 2) the effect of BPP on competition in the operator services, interLATA toll and local service marketplace, and most importantly, 3) the lack of other, less costly alternatives to BPP.

The PaPUC agrees with many of the FCC's findings regarding the many important benefits of BPP. The PaPUC agrees that BPP would facilitate access to the telephone network by simplifying calling card, collect, and third party billed calling.<sup>7</sup> BPP would alleviate considerable frustration on the part of

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<sup>6</sup>It is somewhat unclear from a reading of the FNPRM whether the FCC intended to include intrastate interLATA services within the scope of its nationwide BPP mandate. Once again, the PaPUC suggests that the FCC leave intrastate determinations to the respective state regulatory agencies.

<sup>7</sup>FNPRM at pp. 7-8.

customers from having to dial an access code to obtain their preferred carrier or from being unable to reach their preferred carrier from certain locations.<sup>8</sup> And, as the FCC notes in its FNPRM, customer frustration will only increase in the future when 10XXX access codes are replaced with 101XXX codes in 1995.

Additionally, as the FCC notes, many customers will save a significant amount in operator service charges.<sup>9</sup> Further, as the FCC's analysis points out, BPP would also refocus the competitive efforts of OSPs from the premises owner to the end-user.<sup>10</sup> Again, the PaPUC agrees that this shift in focus would likely be accompanied by lower prices and better service for consumers.

The FCC's analysis is also correct when it points out that BPP would level the playing field by allowing customers of AT&T's competitors the same 0 plus access as AT&T's customers.<sup>11</sup> While less certain, BPP may also reduce regulatory costs and OSPs' costs of collections and uncollectables.<sup>12</sup>

However, even in light of these significant benefits, the PaPUC does not believe that the FCC should mandate BPP at this time but should wait until the system becomes more cost effective and

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<sup>8</sup>Id.

<sup>9</sup>FNPRM, pp. 8-9.

<sup>10</sup>FNPRM at 9-10.

<sup>11</sup>FNPRM at 11-12.

<sup>12</sup>FNPRM at 12.

competitive concerns related to BPP implementation are resolved.<sup>13</sup> Updated cost estimates indicate that the cost of nationwide implementation of BPP will now exceed \$1.8 billion. Moreover, as indicated in the initial comments of several parties, this figure does not even take into account several significant and material costs. For instance, costs which will most likely have to be added include the LEC overhead cost loadings of 25%, a reasonable rate of return, balloting costs, and finally, the costs associated with 14 digit LIDB screening, commercial credit card accommodation, and early retirement of equipment rendered obsolete by BPP.<sup>14</sup>

Further if LECs are using different technological and system architecture assumptions in computing their BPP implementation costs, cost estimates may have to be revised upwards depending upon the FCC's resolution of these issues. For instance, some LECs may be assuming that installation of SS7 at the end office level will not be required, while others are assuming that it will be required.<sup>15</sup> This alone could have a dramatic impact upon overall BPP costs.

The PaPUC also agrees with some parties that the FCC may have, on the other hand, overstated its quantification of the

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<sup>13</sup>The PaPUC believes that as SS7 is deployed on a more ubiquitous basis, BPP may become more cost effective, or may be driven more by technology, as the case may be.

<sup>14</sup>See, inter alia, Comments of the Competitive Telecommunications Association, NYNEX Comments, AT&T's Comments on the Further Notice of Proposed Rulemaking and Comments of Pacific Bell and Nevada Bell.

<sup>15</sup>See, Comments of Sprint Corporation and Comments of GTE.



benefits associated with BPP.<sup>16</sup>

Moreover, some parties raise extremely serious competitive concerns relating to BPP implementation which must be resolved. For instance, MFS raises concerns that BPP would require future routing of all 0 plus interLATA calls through LEC facilities creating "an unnecessary and legally-mandated structural barrier to competitive entry in this segment of the local exchange market."<sup>17</sup> MFS also notes that BPP would completely eliminate the flexible choices IXCs and call aggregators currently have for routing their interLATA operator services traffic.<sup>18</sup> MFS also expresses concern that the "stranglehold" over all 0 plus interLATA traffic routing created by BPP could be used in an anti-competitive fashion by the Regional Bell Operating Companies ("RBOCs") once they enter the interLATA market.<sup>19</sup>

Consequently, despite the many, significant benefits associated with BPP, the PaPUC believes that because of the high estimated costs of implementing the system at this time and the competitive concerns discussed herein, the FCC should strongly consider the adoption of a less costly alternative(s) until these concerns can be resolved.

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<sup>16</sup>See, inter alia, NYNEX Comments, AT&T's Comments on the Further Notice of Proposed Rulemaking and Comments of the Competitive Telecommunications Association.

<sup>17</sup>MFS Comments, at p. 5.

<sup>18</sup>Id. at p. 5.

<sup>19</sup>Id. at p. 6.

**III. The PaPUC Supports the Adoption of a Less Costly Alternative To BPP Until It Can Be Established that BPP Benefits Clearly Outweigh BPP Costs.**

Before mandating BPP the FCC has indicated that it will examine all available, less costly alternatives to BPP.<sup>20</sup> As discussed below, the PaPUC believes that implementation of some of the recommended alternatives to BPP would be in the public interest until it can be demonstrated that BPP benefits clearly outweigh its costs including competitive concerns in the interLATA, intraLATA and local service markets.

However, the PaPUC does not believe that it would be realistic to expect any of the existing alternatives to provide the exact same mix of benefits as BPP. Rather, the FCC should seek an alternative, or combination thereof, which accomplishes some of the more important consumer safeguards associated with BPP.

There were many sound and potentially feasible alternatives to BPP offered by the parties in their initial comments. Some of these alternatives include inter alia, rate caps<sup>21</sup>, 0 plus operator service transfer<sup>22</sup>, 0 plus public domain<sup>23</sup>,

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<sup>20</sup>FNPRM at 2.

<sup>21</sup>See, inter alia, Comments of the Competitive Telecommunications Association, Comments of Bell Atlantic, and NYNEX Comments.

<sup>22</sup>See, inter alia, Comments of Bell Atlantic, p. 16.

<sup>23</sup>See, Comments of Pacific Bell and Nevada Bell, p. 9.

further educational requirements<sup>24</sup>, abolition of the current commission based system and adoption of a uniform compensation based system<sup>25</sup>, and stiffer penalties for noncompliance with existing rules and regulations<sup>26</sup>. It is the opinion of the PaPUC that the FCC could, through adopting a combination of the alternatives recommended by various parties in their initial comments, achieve many of the more important benefits of BPP, until BPP becomes more cost effective overall and the competitive concerns relating to BPP are resolved.

For instance, almost all parties, even the AOS providers themselves and those strongly opposed to BPP, recognize that rate gouging continues to be problematic in certain instances.<sup>27</sup> Accordingly, the PaPUC would urge the Commission to consider the adoption of a cap on interstate AOS rates, similar to those in effect in various states, including Pennsylvania.<sup>28</sup> The PaPUC is

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<sup>24</sup>See, inter alia, Comments of Rochester Telephone Corporation, Comments of the National Telephone Cooperative Association, Comments of the Organization for the Protection and Advancement of Small Telephone Companies.

<sup>25</sup>See, Comments of Bell Atlantic, p. 16.

<sup>26</sup>See, Comments of the Organization for the Protection and Advancement of Small Telephone Companies.

<sup>27</sup>See, inter alia, Comments of the Competitive Telecommunications Association, p. 39.

<sup>28</sup>In order to avoid constitutional challenges, the FCC should give the AOS providers the opportunity to establish through an evidentiary hearing that their costs exceed the maximum allowed rate, and therefore, that they should be authorized to charge higher rates. The PaPUC adopted this approach effective in April, 1992. Since that time, not one AOS provider has come in and requested rates higher than the maximum allowable under Pennsylvania law.

aware that some parties have raised concerns regarding the enforcement of rate caps at the federal level given the large number of AOS providers currently operating nationwide.<sup>29</sup> Increased customer education and awareness campaigns, carrier oversight responsibilities, and other measures, however, could alleviate some of these alleged enforcement burdens.<sup>30</sup>

The PaPUC considers rate caps to be an important part of any BPP alternative which the Commission considers, and does not believe that any alternative eventually adopted by the Commission would be effective if it did not include this important consumer safeguard and protective device.<sup>31</sup>

Others, including the Commission itself, have raised the possibility of once again considering 0 plus public domain as a solution if BPP is not adopted at the present time<sup>32</sup>. The PaPUC believes a variant of the FCC's original proposal may be worthy of further consideration. However, under no circumstances would the

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<sup>29</sup>See, Comments of the National Association of State Utility Consumer Advocates, pp. 4-5.

<sup>30</sup>At least one commenter notes that the FCC may have indirectly used this alternative successfully at least once in the past. See, Comments of USLD at 17.

<sup>31</sup>The PaPUC believes that rate caps can only be a viable alternative to BPP if rate caps are at a level which provide adequate consumer protection from exorbitant pricing. Price caps established at too high a level would not provide enough benefit to consumers to justify price caps as an adequate alternative to BPP. Overall, from its experiences at the state level, the PaPUC believes that price caps must restrict property imposed fees or location surcharges at levels less than a dollar per call in order to provide for adequate consumer safeguards.

<sup>32</sup>See, FNPRM, p. 4, fn. 7.

PaPUC support this option if all existing CIID cardholders were required to dial access codes to reach their preferred carrier of choice, either AT&T or another carrier as the case may be. Clearly, this requirement is not in the public interest for all of the reasons elucidated by the parties and the FCC in the 1992 proceeding on this issue.<sup>33</sup>

The notion of securing more widespread acceptance of calling cards and of making the current system more user friendly is a significant benefit which the PaPUC believes many parties unfortunately have underestimated. With continued press being given to the notion of the "information superhighway", customers expectations that their phone service be state-of-the-art, convenient and user friendly will only increase. Customers have a legitimate right to expect easy and convenient access to called parties from all locations, including aggregator locations.

In suggesting that the FCC consider a variant of its original proposal, the PaPUC recognizes that CIID cards currently provide the customer with important benefits, not the least of which are additional alternatives and guaranteed access to their preferred carrier of choice. The PaPUC also recognizes that the CIID card was initially developed, in part, to address consumer complaints regarding AOS rate levels and service. Consequently, the PaPUC believes that any variant of the FCC's original 0 plus public domain proposal would, at a minimum, have to be combined

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<sup>33</sup>In the Matter of Billed Party Preference for 0 Plus InterLATA Calls, CC Docket No. 92-77, Report and Order and Request for Supplemental Comment, 7 FCC Rcd 7714 (1992).

with rate caps to make it truly effective and to address legitimate concerns of the underlying carrier.

In suggesting that the FCC may want to reconsider a variant of its original 0 plus public domain proposal, the PaPUC does not in any way downplay the concerns of the underlying carrier. Indeed, the PaPUC believes that it would be important to attempt to achieve as much industry consensus as possible to any 0 plus public domain proposal. However, whether through this alternative or another, the importance of making the system "user friendly" cannot be underestimated.

Another alternative designed to make the system more user friendly is 0 plus operator service transfer. It is the PaPUC's understanding that carriers have themselves begun to work together through compensation arrangements and other means to accomplish 0 plus operator transfer. The PaPUC strongly supports these efforts and would encourage the FCC to give consideration to mandatory 0 plus operator transfer requirements.

Yet other important alternatives mentioned included the establishment of uniform compensation requirements which would take the competitive focus off of commission payments and place it more upon the end-user, further educational requirements and stricter penalties for noncompliance. These alternatives are also certainly worthy of further consideration at this time.

In summary, the PaPUC believes that the initial comments of parties provide many important and beneficial alternatives to BPP which may provide a more cost effective solution to BPP at the

present time until the varying concerns regarding BPP provision can be resolved.

**IV. Maintenance of the Status Quo Is Not In the Public Interest.**

Some parties urge the FCC to maintain the status quo. They argue that existing safeguards are adequate and that the Commission need only give these existing safeguards "more time" to achieve maximum effectiveness.

Notwithstanding the existence of these safeguards, as discussed above the evidence in the record indicates that the potential for customer abuse, confusion and inconvenience still exists. Consequently, contrary to the arguments of some parties, the PaPUC does not believe that the record supports maintenance of the status quo.

As already discussed, there is evidence in the record that rate gouging still occurs. There is also evidence that some providers may not be complying with TOSCIA requirements and that customers continue to be held "captive" at some payphone locations. There is evidence that the existing system continues to be confusing and frustrating for some consumers.

Consequently, contrary to the positions of some parties, the PaPUC strongly urges the FCC not to be content with the status quo.

**V. The Commission Should Not Mandate BPP In Inmate Settings, Unless Provision is Made for the Continuation of Existing Safeguards and Fraud Prevention Measures and the Effect of its Proposal is Revenue Neutral for Detention Facilities.**

Because of the unique circumstances surrounding the provision of telephone service from prison payphones, the FCC

should not mandate BPP in institutional settings unless it at the same time takes steps to ensure that: 1) current payphone safeguards and protective measures are not adversely affected under a BPP regime, 2) the costs incurred by prison facilities are included in the overall BPP implementation costs so that the facilities themselves are not required to shoulder the cost resulting from any change in FCC rules, and, 3) disruption to current commission revenue streams to prison facilities is minimized.

There clearly are unique needs and circumstances surrounding the provision of payphone service from prisons that warrant special treatment. Not the least of these important needs is the ability to manage and control the calls placed by inmates and to cope with heightened concerns regarding the risk of fraud.<sup>34</sup> As several parties note in their initial comments, this market has unique legal requirements to protect witnesses from harassment, as well as administrative requirements relating to call record information for use in criminal investigations or to protect the public safety.<sup>35</sup> These important safeguards and legal requirements would clearly outweigh the need for or benefits of BPP in a prison setting, and thus, cannot be disregarded if the FCC determines to include these facilities in any ultimate BPP mandate.

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<sup>34</sup>See, inter alia, letter dated July 29, 1994 of Richard M. Walsh, Commonwealth of Pennsylvania Governor's Office to the Honorable Reed E. Hundt, Chairman, FCC; Comments of the Oregon Department of Corrections.

<sup>35</sup>See, inter alia, Comments of Pacific Bell and Nevada Bell, pp. 3-4.



Consequently , the PaPUC believes that the FCC should mandate BPP in the prison setting only if it at the same time satisfactorily addresses all correctional institution concerns relating to control and criminal investigations. Because of the fixed budgets of these facilities, the PaPUC also supports the comments of those parties advocating inclusion of any costs incurred by prisons in implementing BPP in the overall BPP costs recoverable from OSP providers or OSP services. For similar reasons, the PaPUC believes that the FCC should minimize, to the extent possible, any disruption to existing compensation to inmate facilities for pay telephone service.<sup>36</sup>

**VI. The Commission Should Require 10 Digit Calling Card LIDB Screening Only If Technologically and Administratively Feasible and Sufficient Assurances Can Be Given for IXC Card Issuance.**

LECs propose to identify the presubscribed OSP for line number cards by screening only the first ten digits of the calling card. The customer's four-digit personal identification number ("PIN") would not be considered. Under the LEC proposal, there would only be one line-number based calling card number per line in the LIDB. As the FCC notes in its FNPRM, however, 14 digit line-

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<sup>36</sup>Important consumer protections and assurances at least with respect to rates are being provided already pursuant to some state laws or requirements. For instance, to the extent the vendor's rates for intraLATA collect calls from inmate stations may not exceed the rates charged by the local exchange carrier and approved by the state commission and the vendor's rates for interLATA collect calls may not exceed the FCC's approved rates of the dominant long distance carrier, the need for BPP as a consumer safeguard for the called party in these instances is reduced. See, letter dated July 29, 1994, from Richard M. Walsh, Commonwealth of Pennsylvania Governor's Office to the Honorable Reed E. Hundt, Chairman of the FCC.

number based screening would permit the maintenance of line number cards issued by multiple carriers, with a different PIN for each card.

The PaPUC concurs with the FCC's initial finding that it would not be in the public interest to adopt a BPP design that gives LECs, but not OSPs or IXC's, the ability to offer line number calling cards.<sup>37</sup> If, however, as the LECs appear to claim, multiple cards could be issued under a ten-digit LIDB screening format, and such a system is both technologically and administratively feasible, then the FCC should certainly give this option serious consideration. The PaPUC agrees with some parties that under this option, the IXC's would have to be given adequate assurances inter alia, that the LECs would not have exclusive rights to the card number.<sup>38</sup>

To the extent ten-digit screening is neither technologically nor administratively feasible, the PaPUC believes that a 14 digit LIDB screening format may be in the public interest as long as adequate fraud prevention measures can be developed. The costs of 14 digit LIDB screening, while significant, pale in comparison to the costs of BPP overall and multiple line number cards would maximize customer choice by enabling customers to vary OSPs without sacrificing the advantages of a line number card.<sup>39</sup>

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<sup>37</sup>See, FNPRM at 32.

<sup>38</sup>See, Comments of Sprint Corporation, pp. 54-55.

<sup>39</sup>Additionally, the costs of 10 digit LIDB screening may also be significant. Sprint claims that if it cannot retain its existing line number cards, it would need to spend about \$20

**VII. If The FCC Decides To Proceed With BPP Costs Should Be Through Interstate Charges to OSPs Similar to Equal Access Costs, or Alternatively, The FCC Should Require that the Costs be Spread over all Operator Services.**

The PaPUC supports the comments filed by the National Association of Regulatory Commissioners ("NARUC") that the FCC consider a method to recover BPP costs through interstate charges to OSPs, including IXCs.<sup>40</sup> Alternatively, the PaPUC supports the comments of those parties which advocate that the costs of BPP be recovered from a surcharge on all operator service charges, with the exception of local operator services.<sup>41</sup>

The PaPUC agrees with the FCC that "allowing recovery of BPP costs only from services subject to BPP would ignore that BPP would also reduce OSP costs on many access code calls."<sup>42</sup> BPP will save OSPs the commissions they currently pay on 10XXX calls placed from public phones presubscribed to them.

Finally, the PaPUC would urge the FCC to refer the cost allocation issue to the Federal-State Joint Board for resolution.<sup>43</sup> While the PaPUC agrees that if BPP is adopted at the federal level, states will give it serious consideration for intrastate interLATA

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million to issue new cards. However, Sprint also appeared to be somewhat amenable to 10 digit LIDB screening as long as adequate assurances were given.

<sup>40</sup>Initial Comments of the National Association of Regulatory Commissioners, p. 6; Comments of MCI, pp. 5-6.

<sup>41</sup>NYNEX Comments, p. 14.

<sup>42</sup>See, FNPRM at 27.

<sup>43</sup>Accord, Ameritech's Comments on Further Notice of Proposed Rulemaking, p. 14; NYNEX Comments, p. 15; NARUC Comments, p. 5.

and intraLATA toll service, until in use on a widespread basis for intrastate services, existing usage factors would not be appropriate.

**VIII. Contrary to The Suggestions of a Few Parties, The Commission Should Not Preempt Legitimate State Authority Over Intrastate Operator Services.**

The PaPUC would urge the FCC to reject the recommendations of a few who advocate what amounts to preemption of legitimate state authority in this area. As already indicated, if the FCC adopts BPP at the federal level, the PaPUC agrees that the states will give serious consideration to BPP for intrastate interLATA and intraLATA toll services. The states are in a much better position than the FCC to resolve issues related to intrastate implementation.

**IX. Miscellaneous.**

**A. Implementation by Smaller LECs**

If the FCC decides to mandate BPP, the PaPUC agrees with the FCC that in order to be effective, the service should be available in all geographic territories. In order to address the concerns of smaller telephone companies, however, the FCC should consider delayed time frames for BPP implementation (similar to equal access) or other measures which recognize that the economics of BPP for small telephone companies may vary greatly from mid-size or large providers.

**B. Balloting**


The FCC should leave open the possibility of other customer notification options which may not be as costly as

balloting but which would be an effective means of notifying customers of their choice in this regard.<sup>44</sup>

**X. Conclusion.**

For all of the above reasons, the PaPUC would urge the FCC to consider less costly alternatives to BPP at this time. Once the system becomes more cost effective, the FCC should reexamine the feasibility of BPP. If the FCC determines that no alternatives to BPP are feasible, the Commission should order nationwide implementation of BPP only after a determination, based upon the updated record, that the benefits of BPP clearly outweigh its costs. If the FCC finds that nationwide implementation of BPP is in the public interest, the PaPUC also urges the FCC to adopt such further requirements as are consistent with the comments herein.

Respectfully submitted,

  
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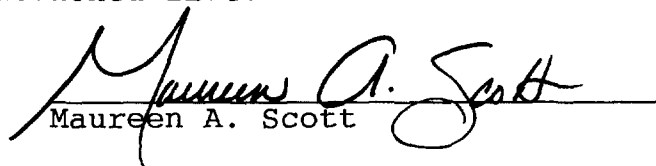
Dated: August 31, 1994.

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<sup>44</sup>See, Ameritech's Comments on Further Notice of Proposed Rulemaking, pp. 15-16; Comments of OPASTCO, p. 6 (Balloting may be confusing to customers).

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing document was served this 30th day of August, 1994, by first class mail, postage prepaid, to parties on the attached list.

  
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